

Supporting Work for Low-Income People with Significant Challenges

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SUPPORTING WORK FOR LOW-INCOME PEOPLE WITH SIGNIFICANT CHALLENGES

Any discussion of promoting work among low-income people must acknowledge that major personal challenges make it extremely difficult for some individuals to find or hold down full-time jobs without any intervention or support. Whether temporary or permanent, such challenges range from mental or physical health problems or disabilities to substance abuse, domestic violence, low literacy, learning disabilities, a criminal record, or the need to care for a disabled child. Some of these obstacles can be resolved or overcome with appropriate services; some can be accommodated with the right employment match.

Many people with one or more of these challenges work. However, studies have shown that as a group, individuals facing these challenges are less likely to be employed or steadily employed and more likely than other people to rely on public benefits (Loprest and Zedlewski 2006). And part-time work is all some can manage. All these challenges are compounded for parents still caring for children.

These families' employment rates and well-being might be improved by investments in programs to help challenged individuals join the workforce. But few current public services for this group entail work supports, particularly those that address families' needs for child care and income subsidies. Complicating matters, information on which programs work for these individuals is limited.

Against this backdrop, we propose an agenda for moving more low-income parents with challenges into work. We first determine how many people may need work supports and review the available public services with an eye to their limitations and the challenges involved. We then analyze the available evidence on the effectiveness and costs of various approaches to better outcomes for this population. We then discuss several promising conceptual approaches to supporting work for these people, highlighting some current programs. Our proposals call for short-term modifications to current program regulations, a mechanism for investing more in promoting experimentation and in evaluating new service models, replication of successful approaches, and longer-term systemic changes to better help employment-challenged parents.

Who Are We Talking About?

It is difficult to estimate how many people have personal challenges that limit the ability to work since the challenges are so varied and hard to measure and how much they inhibit work depends on an individual's circumstances. Yet, we know that in a substantial percentage of low-income families with children parents do little paid work. Using the 2007 Current Population Survey, we find that in about a fifth of families with incomes under 200 percent of the poverty level (21.5 percent), neither parent worked in the previous year; in another 6.5 percent, a parent worked at most part time for part of the year. Altogether, some 3.5 million families have low incomes and work little.

Not all these families face personal challenges, but many do. In about a third of these low-income, low-work families, a parent's disability limits work.¹ Beyond that, specific subgroups, such as welfare recipients (Hauan and Douglas 2004) and low-income mothers (Loprest and Zedlewski 2006) have a high prevalence of challenges.

Many low-income families with limited work rely on public benefits for support. As table 1 shows, almost half of all low-income, low-work families in 2007 received some benefits—including federal or private disability, welfare, or unemployment compensation—in the prior year, compared with more than three-quarters of those reporting a work-limiting disability.

Some families that receive these benefits might be able to do without them if they received supports and services that allowed them to work more. Some that do not receive benefits could also profit from supports and services. According to Loprest and Zedlewski (2006), among so-called “disconnected” families without a working parent, TANF (Temporary Assistance for Needy Families) benefits, or public disability benefits, employment barriers are especially high—higher even than among TANF recipients.

Table 1. Income Sources for Low-Income Families with Limited or No Work in Past Year

	<i>All low-income, low- or no-work families</i>	<i>Reporting work- limiting disability</i>
Number of families	3.45 million	1.14 million
Income source (percent)		
Social Security/Disability Income	17.7	38.8
Supplemental Security Income	16.9	35.5
Other private or federal disability income ^a	4.2	10.9
TANF	15.7	17.2
Unemployment compensation	3.5	2.7
One of the above sources	46.4	78.5

Source: Authors' calculations using the March 2007 CPS.

Note: Low income is defined as income less than 200 percent of the poverty level. Limited or no work includes families where no parent worked for the past year or at most one parent worked part time for less than 50 weeks in the past year.

^a Includes veteran's benefits, worker's compensation, and other federal or private disability income.

Service Delivery Systems for Individuals with Barriers to Work

Numerous local public agencies and publicly funded private organizations provide employment services and supports for low-income individuals. Some systems provide work-support services—including TANF, programs authorized by the 1998 Workforce Investment Act (WIA), and the Vocational Rehabilitation (VR) program—for adults with disabilities. Other systems that address particular challenges without embracing

work as a primary goal include the public mental health system, substance-abuse treatment programs, and social services for those experiencing domestic violence.²

These programs and service systems can help low-income hard-to-employ parents. But only TANF considers this group its main clientele, and none of these other programs offer income support. This makes it hard for parents with child care responsibilities and only limited economic support systems to use these services. Compounding these problems, most such services are delivered locally and vary greatly within and among states.

Many low-income parents with severe employment barriers turn to TANF for cash assistance. Since the program's overhaul in the mid-1990s, many recipients must either work or prepare for work to get benefits. State TANF programs try to move seriously challenged welfare recipients into work, using such approaches as better screening and identification of barriers, placement of social workers and other specially trained staff in welfare offices, intensive case management, and barrier-alleviation services (Loprest et al. 2007). Some states also help TANF recipients apply for public disability benefits and, if eligible, move off TANF. However, numerous states report that new federal TANF rules passed in 2005 will limit their ability to provide services that move recipients facing multiple barriers into work (Loprest et al. 2007).

Although TANF is a key benefit for many families with children that have significant barriers to work, particularly single-parent families, the program serves a limited group—roughly 1.6 million families in 2007. Only about half these families include an adult recipient,³ and not all include parents with significant employment challenges.

WIA programs and VR also provide employment services to individuals with challenges, though neither offers income support. The WIA public workforce development system provides universal access to “core” employment-related services (e.g., self-directed and assisted job-search services, labor-market information) and offers “intensive” services—comprehensive and specialized assessments, an individual employment plan, case management, and training—for those who need additional help. Although WIA has 3,000 one-stop centers nationwide and spent \$900 million on adult services, comparatively few individuals receive intensive services. By U.S. Government Accountability Office (2005) estimates, only 235,000 poor adults received training under local workforce programs in 2003. And without any standardized eligibility process for accessing intensive services, who does or does not receive services depends on where they go to get them.

WIA accords public assistance recipients and other low-income individuals priority for intensive services, but it must serve all job seekers regardless of income, including youth, the general adult population, and dislocated workers. Meanwhile, some factors work against low-income parents with challenges: WIA's performance standards, observed on pain of financial penalties, focus on placements in unsubsidized employment and on retention and are not adjusted for additional costs or difficulties associated with serving clients with multiple barriers. Consequently, the disincentive to provide these services to those with barriers is considerable, especially for those with significant disabilities (Fesko, Timmons, and Hall 2003; U.S. General Accounting Office 2002). In addition, WIA programs engage and serve private-sector employers, an emphasis sometimes at odds with promoting work for those with employment challenges. Finally, over time, funding for WIA has declined dramatically, limiting its capacity.

The VR program helps individuals with disabilities find or regain employment by providing assessments, vocational counseling, training, personal assistance services, supported employment, and job-placement services. VR is a mandated partner in the one-stops funded under WIA, so it is represented at all one-stop centers. In fiscal year 2005, the VR program helped about 1 million individuals.

While VR can provide important services to low-income parents with employment challenges, the program has not historically focused on low-income recipients. Nor does it offer parents special services or supports. Unlike many low-income parents, traditional VR clients have significant past work experience that can be an

asset in their rehabilitation as they work toward returning to their own job or similar work. In addition, many VR clients receive financial support through private or public disability benefits and therefore can participate in a longer rehabilitation program than is feasible for low-income parents without these supports. Also, in states where demand for VR services outstrips resources, programs are required by law to serve individuals with the most significant disabilities first; this requirement can exclude some low-income parents. And although VR must be present at one-stop centers, VR funding requirements, funding constraints, and performance standards in WIA have made interactions among these programs difficult (D'Amico and Salzman 2004).

VR could serve more parents with physical and mental disabilities. Already, some states and local TANF programs have established partnerships, drawing on VR staff expertise to provide initial vocational assessments and, in some cases, having VR counselors carry special caseloads of TANF recipients (Loprest et al. 2007). WIA and TANF programs strive to fortify these connections between VR and other workforce development systems and between VR and TANF.

Unlike service systems for employment, those for mental health, substance abuse, and domestic violence address particular challenges.⁴ Low-income parents' access to these service systems is limited by local availability, eligibility, and low public funding (Legal Action Center 2002; U.S. Department of Health and Human Services 1999). Where services are accessible, income support for participants is seldom offered, though such outside programs as TANF and public disability programs supply it to some families.

How well these systems interact with current employment services systems or integrate employment-related services into their primary services is limited. Few states report having statewide TANF programs that fully integrate work support and employment with barrier alleviation (Loprest et al. 2007). And many WIA programs are not closely connected and coordinated with barrier-alleviation services in the community. WIA may make referrals, but it rarely pays for these services directly.

Public Disability Benefits

Another potential source of support for low-income parents with challenges to work is federal income support for people with disabilities. The Supplemental Security Income (SSI) program provides cash to low-income individuals with disabilities,⁵ and the Social Security Disability Insurance program (SSDI) provides cash to disabled workers with sufficient work experience. In most cases, those who are eligible also receive public health insurance coverage.⁶

While these programs are a source of income for those with serious health problems, they are not usually a vehicle for moving into work. Historically, limited numbers of SSI and SSDI recipients have turned to work-support services for help returning to work. Indeed, only 6 percent of working-age SSI recipients had earned income in December 2005, and their monthly average was about \$300 (Social Security Administration 2007). Work rates are low for several reasons. Eligibility for benefits requires a serious physical or mental disability that severely limits work, so some recipients cannot work even with assistance. In addition, the fairly onerous application process discourages recipients from attempting work and risking loss of all benefits. Combining work with benefits is currently uncommon in part because the reduction in benefits as earnings rise is relatively high, though results from the new SSA pilot programs described below should help determine whether changing incentives encourages work. Also, many low-income parents with health challenges do not qualify for SSI or SSDI because their disability is considered temporary or not severe enough.

Supporting Work for Those with Challenges: What Do We Know about What Works?

Many would-be workers who face significant challenges need special assistance—whether barrier-specific services or more general help developing job skills. To date, only limited information is available on which strategies best help individuals with certain types of disabilities or challenges improve their economic outcomes; studies using rigorous, experimental designs are especially scarce (Bloom and Butler 2007). Many promising programs have not been rigorously evaluated, and questions often persist even in cases when these research methods have been used. Much of the rigorous research on strategies for serving individuals with challenges has focused on cash assistance recipients or on program models that target a certain population, such as those with serious mental health issues. Little research takes into account the particular needs of parents. That said, research on other service systems or for other barriers is growing; several large-scale experimental studies are under way, some involving individuals in service systems other than TANF.

Many evaluations of welfare-to-work programs of the 1980s and 1990s analyzed subgroups of cash-assistance recipients facing more serious barriers to employment. These programs typically required participation in job search, vocational training, and basic education, either in a fixed or customized sequence. These studies show that the programs generally increase earnings about as much for the most disadvantaged recipients (defined as longer-term welfare recipients with no high school diploma and recent work history) as for less disadvantaged recipients (Michalopoulos 2005). However, because the earnings of the most disadvantaged recipients are so low at the start, they remain very low even after the gains. Besides producing earnings gains, many of these welfare-to-work programs, particularly those with a strong employment focus, prove cost-effective to government (Hamilton 2002).

Many past programs did not serve those with the most serious physical or mental health problems because such people were typically exempted from program participation requirements. But there were some such programs, and a few studies have tested those that aimed more intensive services at the hardest-to-employ. A relatively recent program, the PRIDE program in New York City, aimed to give welfare recipients who had physical or mental health conditions that limited their employability and who would have been exempt in past programs a mix of tailored unpaid work experience, job search help, and basic education. PRIDE, an experimental evaluation found, fit the pattern of relatively large increases in employment but low total outcomes: two-thirds of participants did not work at all during a two-year follow-up period (Bloom, Miller, and Azurdia 2007).

Another approach that has shown some positive effects for hard-to-serve welfare recipients is subsidized employment. Targeted at long-term welfare recipients and three other disadvantaged groups, 1970's National Supported Work Demonstration offered highly structured, full-time work experience positions paying the minimum wage under conditions of gradually increasing demands, close supervision, and peer group support. Post-program earnings of welfare recipients increased substantially for participants relative to those in the control group (Manpower Demonstration Research Corporation Board of Directors 1980). This program was relatively expensive—more than \$20,000 per person in today's dollars—but proved cost-effective to the government partly because the goods and services produced were valuable.

Whether specialized services aimed at downing specific barriers can improve employment and economic outcomes remains an unsettled question. In the Substance Abuse Research Demonstration, an experimental evaluation of a case management intervention for women on TANF who were substance abusers, results were not encouraging. The intervention—a combination of services, sanctions, and incentives—was supposed to get these women to first participate in treatment and then to move into jobs and leave welfare. Participation in treatment did rise and substance use fell somewhat, but the program had no effect on employment and earnings (Morgenstern et al. 2002).

Some stronger results have been observed in models targeted at those with mental health problems that operate outside the welfare or SSI system. In the early 1980s, the Structured Training and Employment Training Service (STETS), a subsidized, non-sheltered work program for youth with mental retardation, had relatively large impacts on employment and earnings (Kerachsky et al. 1985). Overall employment did not increase, but the proportion moving from unpaid workshop positions to unsubsidized employment rose substantially. Program costs totaled about \$10,000 per participant (in 2002 dollars) but were judged cost-effective overall. It is unknown whether results would be as positive for adults as they were for youth. Positive economic effects have also been produced by the less intensive Individual Placement and Support (IPS) model, targeted at individuals with severe mental health issues. IPS provides rapid placement in unsubsidized jobs picked to match the participant's preferences. Work settings integrate program participants with other regular employees, and a team of specialists provides a range of supports. Results have been positive in rigorous evaluation studies, even compared with those of pre-employment training, transitional work, and other program models (Bond et al. 1999).

Financial incentives that supplement earnings to encourage work and increase income have raised employment levels and income for welfare recipients, even for the most disadvantaged cash assistance recipients. However, less is known about whether such incentives work for people with other kinds of significant barriers, though several random assignment studies of efforts to increase work incentives for SSI recipients are in progress. For example, an SSA pilot demonstration in four states is testing whether a \$1 reduction in benefits for every \$2 in earnings (rather than a one for one reduction) in combination with employment supports prompts more SSDI beneficiaries with disabilities to work.

Overall, research to date shows that several employment-focused interventions have generated employment and earnings impacts for disadvantaged individuals with significant challenges, particularly those with mental health issues. However, earnings levels remain quite low, reflecting both low wages and few hours of work. In addition, these more intensive interventions can be costly.

Future Program Development: Where to Go from Here

The limited research evidence on hand suggests that to achieve some work success, individuals with significant challenges may need some combination of barrier alleviation, employment services, and financial incentives to work. But, today's systems and programs either offer relatively generic employment services or specialized services for those with severe disabilities, giving short shrift to parents who need help coping with the care of their children, mental and physical health issues or other barriers, and the pressure to find work. In response, we identify four service strategies that could improve the outcomes for these parents with significant challenges. Based on the evidence available now, most of these strategies have been operationalized, albeit on a small scale. Combinable in different ways, these approaches point to a "next generation" of programs that warrant further attention and study.

Service-Focused Employment Preparation

This approach emphasizes improving the employability of individuals with challenges by combining services to address their barriers (e.g., substance abuse treatment, mental health services, etc.) with help locating employment. This model is of growing interest in both the TANF system and the disability field.

Models are based on those that take a "treat first" approach, trying to reduce the barrier to the point that an individual can concentrate on more employment-oriented activities integrating employment and treatment interventions. While making employment a high priority, this approach also strongly emphasizes screening and comprehensive assessments to identify barriers and partnering with other public and community-based organizations expert in addressing specific barriers.

Within the TANF system, the WeCARE (Wellness, Comprehensive Assessment, Rehabilitation, and Employment) program recently implemented by the Human Resources Agency in New York City exemplifies this approach. This intensive program provides employment-focused services to cash assistance recipients with physical and mental health challenges. One pillar of the model is a comprehensive assessment that includes a medical examination and interview covering the participants' psychological history, case management, and customized service planning—all linked to specialized employment services that accommodate limitations. Those determined unable to work are helped to apply for federal disability benefits; others are engaged in some kind of work activity—including vocational rehabilitation services, specialized employment services and work settings, skills training and education, or medical treatment. Job-placement assistance and post-employment services also figure centrally in this model.

The IPS model, which emphasizes rapid movement into unsubsidized employment for those with severe mental health issues and also offers a package of supports, is another example of this approach. As applied in New York City's Fast Track to Employment program, specialists work with those with severe mental illness to achieve rapid reentry into the workforce, identifying part- and full-time employment opportunities based on the participant's interests, goals, and strengths. Once the individual is employed, the placement specialist continues to provide support. On- and off-site job coaching and individual counseling are available, as well as peer support through the program's job clubs. Before applying for competitive employment, individuals can participate in an internship program to earn money and gain work experience.

Subsidized Employment

Another approach for improving outcomes for individuals with challenges is giving their employers wage subsidies (typically using public funds), combined with a range of supports and accommodations for workers. Such programs enable individuals with significant challenges to work in a supportive environment where they learn both job skills and work behaviors. Key components include paid time-limited employment; life-skills and job-readiness programs; support and supervision before, during, and possibly after the placement by job coaches and on-site mentors; case management and job-search assistance; and skill-building. Some programs continue to offer support for up to a year after a participant obtains permanent employment. As noted above, despite its successes, this approach has rarely been implemented on a significant scale for those with major challenges to work.

Many programs for those facing serious obstacles to work are TANF-based, though some have also been developed for ex-offenders and other disadvantaged populations. Washington State operates a statewide subsidized employment program for hard-to-employ TANF recipients. TANF recipients work 20 hours a week in a temporary paid job for up to six months and spend another 20 hours a week on individualized barrier management, which can include soft-skills training, mental health or substance-abuse counseling, and basic-skills training. Program staff maintain close relationships with participants and their supervisors and conduct monthly workplace visits.

Treatment-Management Programs

The key feature of this approach is a treatment plan that helps individuals manage their health problems, but job placement and other supports are also offered. Basically, these programs improve access to and engagement in treatment. The emphasis varies by program from home visiting, keeping staff caseloads very small, or providing assistance by telephone. One example, Rhode Island's Working Toward Wellness Project, provides telephonic case management for Medicaid recipients with depression, first to help them enter treatment and then to help them stay in it. Run by a for-profit managed care provider, the program also helps participants take advantage of services to help them go to work (Bloom, Redcross et al. 2007). Another example, the Accelerated Benefits Demonstration sponsored by the Social Security Administration, is testing whether immediately providing participants with medical insurance (rather than making them wait the

required 29 months) along with telephone-based case management and employment counseling improves SSDI applicants' health and employment outcomes.

Incentives

While we assume that individuals with significant barriers require services to address these problems head on, financial incentives to encourage participation in work or services that they can benefit from also deserve attention and study (Bloom and Butler 2007). Currently, the SSI/SSDI system itself is studying the option to correct the many disincentives to work mentioned above. Options include allowing beneficiaries to keep more benefits when they work, expanding the availability of health coverage, and making it easier for individuals who lose their jobs to get quickly back on benefits.

Overall, these examples show the potential for states and localities to develop strategies to address the needs of individuals facing significant challenges to work. But further developing and expanding the most promising state and local programs will require more resources and more coordination of services provided by multiple service systems. Even with enhanced services, some individuals with significant challenges will continue to have low earnings. Whether low earnings stem from low-wage work or the inability to work full time, many people will need ongoing financial support to stay afloat.

Policy Options for Change

The limitations in current systems' ability to help parents with multiple challenges move into and retain work clearly suggest that some changes are needed. However, there is still much to learn about what works for these populations. As discussed below, policy changes are needed on three levels: legislative and regulatory changes (apart from funding) to current programs, a new federal grant program using "new" federal and state resources to promote and evaluate promising approaches and replicate effective programs, and some longer-term policy options and issues that merit further public debate. All three could significantly expand or improve available services to promote employment for parents with multiple challenges, but together they also call for major funding and program changes.

Legislative and Regulatory Changes to Current Programs

Since TANF is a key program offering employment services to parents with multiple employment challenges, ways to make TANF services more effective are essential to any reform. As noted, recent changes to federal TANF regulations may make it harder to serve recipients with multiple challenges, particularly the most difficult cases. And even before these changes, some states worked only minimally with recipients with multiple challenges since costs are high and uncertainties about effectiveness abound.

Despite the difficulties of moving this population to work, some federal TANF program changes could give states incentives to better serve this population. Currently, states have an incentive to limit recipients to receiving only four weeks consecutively and six weeks total annually of such supportive services as mental health counseling or substance abuse treatment because additional service weeks cannot be counted toward federal requirements for work and work services. Allowing more weeks spent in service receipt to count or letting states determine the appropriate number for themselves would encourage more states to serve this group. To allay fears that states might not use additional time profitably to improve individuals' work outcomes, the TANF program could include stronger incentives for states to require combining work with barrier alleviation activities—by, say, allowing more time in such activities to count toward requirements only if participants are also working or taking part in specific work-preparation activities over the same period.

Changes to WIA's workforce development system would also encourage one-stop centers to offer greater services to low-income parents with challenges. As discussed above, in WIA, systemic disincentives work

against efforts to serve those with challenges who need special or intensive services. WIA could, accordingly, change its performance standards to acknowledge the longer time and greater resources needed to work with parents with multiple challenges, perhaps by allowing different program goals for a limited group of clients using intensive services. Admittedly, this move would make the program more complex, but it could also incentivize one-stops to provide more intensive services to those least likely to find work quickly. While these types of performance measurement systems can be difficult to develop, testing some new measures at least on a pilot basis would be a helpful first step in moving the one-stop system in this direction.

New Federal Support for Programs Serving People with Multiple Challenges

The new federal funding stream outlined here would support the development and replication of promising initiatives for serving adults with significant barriers to work. Recognizing that operating costs can be substantial and resources are already overstretched, we propose funding the proposal with new federal and state resources. The proposal addresses shortcomings in the current system and incorporates lessons from past initiatives by dedicating resources to increase capacity for this needy population; promoting strategies built on past research to integrate employment services, supports, and treatment; and giving states incentives to encourage partnerships with different service-delivery systems.

Parallel to the job-advancement strategy advanced by Holzer and Martinson in this collection of essays, a federal funding stream—in this case \$1 billion—is proposed here to promote innovative program development and evaluation. The government would provide competitive grants to states to develop collaborative initiatives involving multiple service delivery systems to address this highly challenged population's special needs. States would have to provide a 50 percent match to receive the federal funds, with only new expenditures above states' and localities' current spending levels counting toward the match. Grants would cover part or all of the states involved or a particular region or locality.

This effort would expand the functions of the state and local workforce boards funded by the Workforce Investment Act so they could allocate funds and help build partnerships. Such partnerships would have to include workforce boards and vocational rehabilitation, and priority would go to those that include a broader range of partners, including TANF, SSA, mental health, or substance abuse agencies. One agency or organization (including nonprofits) would be required to lead the effort, but grantees could pick the lead agency. Our proposal could thus be seen as a complement to the current WIA or as part of a broader reform.

While states would have leeway in program design, all would have to have specific strategies for meeting the needs of individuals with major barriers to employment. These strategies should include at least some of those described earlier, such as integrating employment assistance with barrier alleviation, subsidizing employment, featuring treatment plans that include employment-related services, and offering financial incentives to participants. Grantees would also be free to define their target population, such as those with mental and physical health problems or substance-abuse concerns, though criteria would be set to make sure the program serves a population with low work effort and low earnings due to one or more barriers.

With an independent funding source available, key partners should find it easier to serve individuals with different needs or in different ways than they did with established funding sources. Since many of these grants are designed to develop new partnerships and services, logically the program should ramp up slowly over many years. While most states would ultimately receive grants, small numbers would receive them in the first few years—to preserve states' incentives to plan carefully and give state and federal agencies time to learn from the initial efforts. Since partnerships take time to build, and since establishing the institutional capacity to scale partnerships up and give them the momentum needed to survive also takes time, grants to states would be relatively long term. Finally, small planning grants would also be available to cover the start-up period when services are being designed and partnerships established, allowing thoughtful development of program models.

Grants would be renewable and expandable, though no renewals would be automatic. To allow programs time to develop partnerships and services, funding after the first round would depend on performance measures to gauge grantees' ability to develop and maintain partnerships and the type or level of services provided. As the programs develop and mature, such economic outcomes as employment and earnings would become performance indicators.

Some oversight funds would be set aside for a handful of more rigorous evaluations. Only those interventions amenable to this type of research—in terms of program design and scale—would be studied. Results would be part of a broad federal effort to generate new knowledge about what works and to provide appropriate technical assistance to the states.

Past research indicates that assuming an average cost per participant of \$10,000 would be appropriate. Given the \$2 billion investment (\$1 billion federal + \$1 billion state match), using this estimate of program costs and dedicating a small portion (estimated at \$10 million a year) to rigorous evaluation, the initiative would serve close to 200,000 individuals annually. Obviously, far more face significant barriers to work, but starting at a moderate scale instead of pulling out all the stops better serves the goals of developing and learning from innovative approaches.

A critical program goal would be for all states to learn from one another about what services and supports seem most cost effective. Applicants for new grants and for renewals over time would be expected to incorporate knowledge about effective strategies. At the same time, states would retain the flexibility to make choices based on their own population's needs and their current service-delivery systems. At best, a "learning system" would evolve that generates new knowledge and then adjusts as more is learned about the effectiveness of various innovative approaches.

Longer-Term Options

Longer-term policy options on key issues for this population also merit further public debate. These more fundamental changes would cost more so, partly for that reason, require more general discussion. Here we address two key issues: (1) the need for financial assistance for families while they are participating in services to address barriers and prepare for work, and (2) the need for improved coordination of service systems with disparate goals, funding, and context.

Financial Assistance. An option for financially assisting parents with multiple challenges while providing appropriate employment and barrier-related services is to create partial or temporary benefits for this population through a new program or as an addition to an existing program. Current federal disability programs, as discussed earlier, provide income support only to those who prove a very significant level of permanent disability and are structured with limited room for combining work and income support. The current TANF program generally provides only temporary assistance.

Finding a way to financially help a broader group with temporary or partial disabilities or other challenges while also providing (or coordinating with) work-support and barrier-alleviation services to foster work is critical. In addition, programs that allow part-time work complemented by longer-term or permanent financial assistance would help some people who will never be able to work full time. As noted, even those who make significant economic gains in effective programs still earn relatively little and need additional financial assistance, particularly if they have family to support.

Blank (2007) suggests creating a new program to meet some of these needs. What she calls the Temporary and Partial Work Waiver Program would serve not only those who cannot meet work requirements within the TANF structure, but also low-income mothers who do not receive TANF. Structured along the lines of systems that pay partial disability benefits but temporarily, this program would provide states with more flexibility than TANF does to allow women to work part time or irregularly while receiving some financial

assistance. Applicants would be assessed and assistance pro-rated to the hours that they can work. For example, a woman who can work 50 percent of a full-time schedule would receive 50 percent of the benefit.

This new program would give states a way to serve those with significant challenges to employment without the current TANF programs' time limit or pressure on participants to work a specified number of hours. Some of these goals could also be achieved if TANF's current work requirements were made more flexible and if the program allowed more combining of work and services to address challenges to count toward the work requirement.

Another proposal to meet the financial assistance needs of parents with challenges who are participating in work and supportive services calls for the creation of Temporary Disability Insurance (TDI) programs (U.S. Department of Labor 2007).⁷ Most TDIs are modeled on the Unemployment Insurance system, featuring a similar funding mechanism and similar eligibility criteria (benefits provided for a prescribed number of weeks at a level pegged to prior earnings). A TDI program can be structured to provide benefits for those with no or limited prior work experience and could be integrated with work support and other job-readiness services.

Finally, proposals for expanding public disability programs to allow for temporary or partial disability benefits deserve further consideration (Wittenburg and Loprest 2005). Temporary disability benefits with required participation in work supports within SSI or SSDI would encourage and support return to work and would extend benefits to a broader group. Partial benefits would permit more combining of work and benefit receipt, perhaps permanently.

Of course, creating programs that provide temporary or partial disability benefits entails a host of additional issues. Many relate to handling assessment and defining partial disability—issues that have been documented and discussed in the literature on disability programs (Mashaw et al. 1996). The classic problem of partial disability programs is that applicants and beneficiaries have incentives to overstate disability (to receive greater benefits), a tactic at odds with the program goal of trying to encourage them to work to their full potential (Wittenburg and Loprest 2005). An appropriate balance must be struck between extending access and preserving incentives to work. Some lessons can be drawn from the U.S. disability system for veterans, which assesses partial disability, and from other countries with partial benefit programs.

Program Coordination. Key to helping parents with employment challenges find and keep work is coordinating effective on-the-ground service models. New partial or temporary financing models will work only if they are connected to effective employment services. The new grant program discussed here is one proposal to foster new service models and replicate promising approaches. An additional need is to better coordinate various programs and resources within a broader program.

One long-term option is to view the WIA workforce development system as a natural hub for employment services for those with challenges—just as this system is meant to be a hub for employment services for all job-seekers. To develop WIA this way would require creating a new or expanded service-delivery system to include all services and partners. Using the VR partner experience in the current one-stop system as a starting point, an expansion would go beyond the current mandatory partnership structure to provide funding and an organizational structure charged with developing viable intensive services models that coordinate employment, barrier-related, and perhaps financial assistance services for those with challenges. Further study of VR's current problems as a mandatory partner in WIA should inform the discussion of this option.

Bigger or better programs that provide financial support and make service coordination a priority will require additional resources. However, this new investment could, in conjunction with proven service models, improve the work prospects for individuals with challenges and, by extension, their families' well-being.

Conclusions

Improving work outcomes for parents with challenges is an important policy goal. Effective programs that address these challenges and move parents into work can enhance the well-being of adults and children by boosting family income and alleviating challenges. It is hard to estimate exactly how many families could benefit from this type of assistance, but we do know that 3.5 million low-income families worked minimal hours in 2006 and substantial proportions of certain disadvantaged groups (such as low-income single mothers and women receiving TANF) face multiple challenges to work.

Unfortunately, the evidence on effective program models that both address challenges and promote work, particularly for individuals with children, is limited. Some models increase work and earnings among individuals with specific challenges, and some new models are being discussed. Use of government funds to create and evaluate new initiatives could provide critical information to help policymakers assist this disadvantaged population.

Of course, new programs function in the context of the current service systems, presenting some challenges to their success. In particular, coordination across service systems—both those addressing challenges and those providing employment services—needs to be improved.

Finally, all must recognize that working parents need both financial assistance and child care while participating in a service program. As the research literature also suggests, even successful programs may be able to raise earnings only to still-low levels for some parents. For those who can manage only part-time work, longer-term partial financial assistance matters. For those who can work more hours but only in low-wage jobs, earnings supplements, health insurance, child care, and housing assistance could—as they do for all low-wage workers—mean the difference between staying in the labor market and supporting their families or being permanently sidelined in poverty.

NOTES

¹ Authors' calculation from the 2007 March Current Population Survey.

² Other service systems assisting particular groups of individuals such as programs for ex-offenders or the homeless also interact with the programs and systems described here.

³ In certain circumstances, only the children in a family are eligible for TANF benefits. These circumstances include foster children, ineligible immigrant parents, parents who have been sanctioned off TANF, and parents receiving federal disability benefits.

⁴ A brief description of these service systems and their interaction with TANF can be found in Zedlewski, Holcomb, Loprest (2007).

⁵ The program also provides cash assistance to children with disabilities and low-income seniors.

⁶ Those who qualify for SSI in most cases automatically receive Medicaid coverage and those who receive SSDI receive Medicare after a two-year waiting period.

⁷ Five states (California, Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico currently operate TDI programs.

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